



State of Utah

Department of
Natural Resources

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Executive Director

Division of
Oil, Gas & Mining

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Lieutenant Governor

January 12, 2005

Kenneth A. Skeem
C/O Non-Domestic
Near 3220 West 4500 South
Oasis, Utah 84624

Subject: Deficient Notice of Intention to Commence Exploration Activities, Drum Mine, S/027/105, Millard County, Utah

Dear Mr. Skeem:

On January 11, 2005, we received your letter which you referred to as a "Notice of Intention to Conduct Exploration" at the Drum Mine, which is located in Millard County, Utah. We assigned a file number for this proposal as (S/027/105). Your letter does not satisfy the notice requirements of Rule R647-2 (Exploration) or R647-3 (Small Mining) of the Utah Mined Land Reclamation Act of 1975, Title 40-8, et seq., Utah Code Annotated and, cannot be accepted as a notice.

Your letter states that you want to examine gold ore that looks like Picture Rock and remove up to 40 yards of material for testing. You also state that you want to explore two tunnels that the Division plans to close. At this time we are not aware of any open tunnels that will be directly affected by the reclamation working presently being proposed by the Division. The proposed reclamation will remove the hazard posed by a highwall overhang, by pushing dump material over the highwall directly above this feature.

Your letter further states that you will disturb approximately 2.5 acres of land, most of which will be in accessing the right-of-way to the property. Please submit a map of all areas to be disturbed, and because the Division is unaware of open workings include the location of these workings on the map. This map will be needed to assure that any work being proposed by the Division will not affect any of your proposed mining activities.

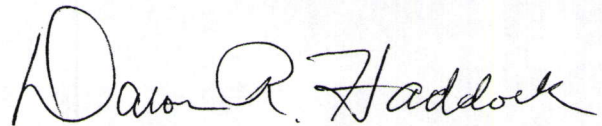
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We have determined that because of your intention, as stated, it would be more appropriate that you submit a small mining notice rather than an exploration notice. We have, therefore, enclosed a Notice of Intention to Conduct Small Mining Operations (form MR-SMO) for this purpose. A copy of the Utah Mined Land Reclamation Rules is also enclosed for your use.

Please be aware that a Notice of Intention must be accompanied by the appropriate permit fee, and adequate reclamation surety, or arrangements made as to when surety will be submitted.

Please be advised that no mining related disturbance is authorized until you have received written authorization from this office and from the BLM to proceed. If you have any questions regarding this letter, please contact me at (801) 538-5325 or Tom Munson at (801) 538-5321.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being larger and more prominent than the last name "Haddock".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:djbb
cc: Jerry Mansfield, BLM, Fillmore FO
Enclosure: MR-SMO and Rules
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